



Waiver Wise

Technical Assistance for the Community Options Program Waiver COP-W

Wisconsin Department of Health & Family Services • Division of Supportive Living
Bureau of Aging & Long Term Care Resources

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WISLOAN and Medical/Remedial Expenses

What is WisLoan?

WisLoan is a low-interest loan program open to Wisconsin residents who have a disability and wish to purchase assistive technology. There are no asset or income limits. There is also no age restriction, although persons have to be age 18 to “sign” for the loan. However, when minor children are involved, parents can sign for the loan.

The loan program is statewide and is administered by IndependenceFirst with oversight by the Independent Living Unit in BALTCR and in collaboration with M & I (Marshall and Ilsley) Bank. The Independent Living Centers (ILCs) are responsible for taking the loan applications and sending completed applications to IndependenceFirst. The WisLoan Coordinator at IndependenceFirst collects all information and presents the completed application to the WisLoan Board. The WisLoan Board makes approval and denial decisions and handles appeals. M & I Bank is responsible for extending the credit and ongoing monitoring of the loan.

Individuals receiving loans under the WisLoan program must use the loan to purchase assistive technology. Assistive technology is defined as any device or service that allows a person to live or work independently. The assistive technology devices are often prescribed by the participant's physician and are items/expenses that allow an individual to live in the community. Some examples are: durable medical equipment (walkers, canes, wheelchairs, etc.), hearing aids, augmentative communication devices, roll-in showers, wheelchair lifts, etc. Loans will not be approved for the purpose of purchasing medical equipment to be used in the home (i.e., home dialysis equipment, ventilators, etc.).

Under WisLoan, modifications to a participant's home/apartment or vehicle are included in the definition of assistive technology. **Two important notes:** WisLoan will not approve loan applications for home modifications started before submitting the application. In addition, loan applications for permanent modifications on rental property will not be approved.

Most loans will have a maximum pay back period of 60 months (5 years). If a person defaults on the loan, WisLoan places liens on the item obtained and has the right to reclaim the item.

For applications: Contact your local Independent Living Center (see attached list).

Commonly Asked Questions

Question 1 – Can the monthly payment a participant makes to repay a WisLoan be considered a medical/remedial expense under COP, COP-W, CIP II, CIP 1-A, CIP 1-B, CSLA, and BIW?

It depends upon what the loan was for. For a COP, COP-W or a CIP-II applicant/participant, if the loan is for something that the Bureau of Aging and Long Term Care Resources (BALTCR) would consider a medical/remedial expense, then the answer is yes. Similarly, for a COP, CIP 1-A, CIP 1-B, CSLA or BIW or Bureau of Developmental Disabilities Services (BDDS) applicant/participant, if BDDS would consider the item a medical/remedial expense, then the answer is yes. If the loan is for something that BALTCR or BDDS would not consider a medical/remedial expense, then the answer is no.

With written authorization from the participant, a care manager can contact the WisLoan program directly to obtain information regarding the participant's loan. The person to contact is Patti Kraemer, the WisLoan Coordinator. Her telephone number is (414) 225-2910. The WisLoan Coordinator can confirm the participant has a loan with that program, what the loan was for, the outstanding balance, and the dollar amount of the required monthly payments.

The care manager should use the outstanding balance and the expected monthly payment to determine how long the medical/remedial deduction will be valid. **Important note:** the care manager can only consider the "principal" part of the payment as a medical/remedial expense and not the interest portion.

Example: The participant received a loan from WisLoan of \$5,000 and currently has a balance of \$2,000. The care manager has determined the loan is for an allowable medical/remedial expense under the waiver. The participant is paying back the loan at a cost of \$75.00/month (\$2,000 ÷ \$75 = \$26.66). This would mean the loan would be paid off in 26.66 months – round up to 27 months. However, in the conversation with the WisLoan Coordinator, it has been determined that of the \$75.00 monthly payment, \$70.00 is the "principal" and \$5.00 is the "interest". The care manager would be able to count the \$70.00 as a medical/remedial expense for 27 months. It would be the care manager's responsibility to track this correctly.

This medical/remedial expense would be allowable for both Group B and Group C participants. For a Group B participant, the \$70.00 would be used as a deduction from the participant's income to determine the cost share. For a Group C participant, the \$70.00 monthly repayment of the loan can be counted both when determining the participant's eligibility and meeting a Spenddown.

Once the loan has been paid off, the care manager may no longer use that monthly payment as a medical/remedial expense. This would be the case even if the participant

paid off the loan earlier than expected (see question 3 for more information). If the participant receives another loan from WisLoan, the care manager may use the new monthly payment as a medical/remedial expense. The care manager should follow the same protocol as described earlier.

Question 2 – What would happen if, during the life of the loan, the participant misses making a monthly payment?

First of all, here are some helpful facts to know regarding the loan. M & I Bank extends the credit and monitors the loans. WisLoan provides the guarantee funds for these loans. The bank sends the person a letter outlining the monthly payment and the payment schedule. If a person is 15 days late in making their monthly payment, the bank sends the person a “late notice”. In addition, M & I Bank contacts the WisLoan Coordinator to inform her that the monthly payment is late. The WisLoan Coordinator then contacts the person to determine what has happened, why the payment is late, etc. The WisLoan Coordinator works with the person to ensure payment is received in a timely manner. The WisLoan Coordinator will also inform the participant’s care manager that the payment is late, provided a release of information was submitted previously.

A care manager may also want to contact the participant regarding the importance of repaying the loan and offer budget counseling, if necessary. WisLoan is responsible for arranging and coordinating any repayment schedule that is developed in order to make up the late payments. The care manager should still use the original timeframe agreed upon when considering medical/remedial expenses.

Example: In our earlier scenario, the care manager allowed the monthly \$70.00 payment as a medical/remedial expense for 27 months. Sometime during the 27- month period, the participant misses one payment. The non-payment triggers a contact by the WisLoan Coordinator, who works out a new repayment plan with the participant. The new repayment plan results in an additional 2 months being added to the original 27- month period. However, the care manager is still only going to allow the \$70.00 repayment for the original 27 months.

Important note: No matter what kind of new repayment plan is arranged between the WisLoan Coordinator and the participant for these one-time only missed payments, the care manager stays with the original agreed upon time frame.

Question 3 – What happens if a participant decides to pay off the loan earlier than anticipated?

The WisLoan Coordinator will notify the care manager that the loan has been paid off in its entirety. Loans that have been paid off in their entirety can no longer be counted as a deduction from income for participants. The care manager should review medical/remedial expenses to determine Group B cost share and/or Group C eligibility. The result of this discussion should be relayed to the Economic Support Specialist (ESS). Depending upon whether or not additional countable medical/remedial expenses are available, the Group B participant may end up with a monthly cost share (or a higher cost share). The Group C participant may potentially lose eligibility because they no longer have sufficient expenses that make them eligible.

Question 4 – What happens if the participant is committed to paying back the loan, however he/she indicates that the monthly loan payment is too much for him/her to pay each month? Does the participant have any options? How does this affect how the care manager determines monthly medical/remedial expenses?

If the participant indicates the monthly payment is too high, he/she should be encouraged to discuss this with the WisLoan Coordinator. The WisLoan Coordinator will consult with M & I Bank to determine if it is possible to lower the monthly payment amount and establish a new repayment schedule. Depending upon whether or not a lower monthly payment has been approved, the care manager proceeds accordingly.

For example, if a lower monthly payment amount has not been approved, the care manager stays with the original dollar amount and time frame when determining how long the repayment of the loan can be counted as a medical/remedial expense. However, if a lower monthly payment has been approved, the care manager can contact the WisLoan Coordinator (if a written release of information has been obtained and is current) to learn of the new monthly payment on the remaining balance. The care manager can then determine how long the care manager can count this new payment as a medical/remedial expense.

Example: Originally, the participant was going to pay \$75.00/month to repay the loan. However, the participant indicates that he can no longer afford this amount due to unforeseen expenses. The participant contacts the WisLoan Coordinator to discuss the situation. Upon review of both the WisLoan Coordinator and M & I Bank, it is determined that the monthly payment will now be reduced to \$35.00/month until the loan is paid off.

From the earlier scenario, the participant remaining balance was \$2,000. Because some payments have been made over time, the care manager believes the remaining balance should be less. The care manager contacts the WisLoan Coordinator to confirm the current remaining balance and the new monthly payment. The WisLoan Coordinator relays to the care manager that the participant now has a remaining balance of \$1,300.00, and that the monthly payment is \$35.00 ($\$1,300 \div \$35 = 37.14$). This would mean the loan would now be paid off in 37.14 months – round down to 37 months. However, in the conversation with the WisLoan Coordinator, it has been determined that of the \$35.00 monthly payment, \$30.00 is the “principal” and \$5.00 is the “interest”. The care manager would be able to count the \$30.00 as a medical/remedial expense for 37 months effective the date of the new loan repayment. It is the care manager’s responsibility to inform the ESS of the new medical/remedial amount which may impact the participants cost share for Group B participant, or eligibility for Group C participants. It is also the care manager’s responsibility to track this correctly.

As you can see, it is important for the participant to understand that if he/she makes a change in the loan repayment, it will impact his/her medical/remedial expense – which in turn could affect a cost share or eligibility. It may be helpful for the care manager to consult with the ESS to learn how changes in the medical/remedial expense will impact the participant.

Question 5 – What happens if the participant stops making payment?

Any potential negative action that was to occur to the participant because he/she defaulted on the loan would be determined by the WisLoan Coordinator. As mentioned

earlier, WisLoan can place liens on the item obtained and has the right to reclaim the item. However, as it pertains to medical/remedial expenses, in the event the participant stops making payments all together, the WisLoan Coordinator will contact the participant's care manager to inform him/her that payments have stopped. It is at that time the care manager must review medical/remedial expenses with the participant and relay this new information to the Economic Support Specialist. This new information may result in a Group B participant having to pay a monthly cost share (or higher cost share), or a Group C participant losing their eligibility because they no longer have enough expenses to meet eligibility.

Question 6 – Can the waiver program “pay off” the balance for the WisLoan?

Scenario: Prior to the participant being approved for the waiver program, the participant received a WisLoan for what would be considered a waiver allowable item (i.e. bathroom modification, ramp, a scooter, etc.). Now that the person is on the waiver program, the participant asks the care manager if the waiver can pay the remaining balance for the item so that the person no longer has to make payments to the bank to pay off the WisLoan?

Example: A person has been making a \$50.00 payment each month to WisLoan to pay back the loan they received for a ramp they had built at their home. The person informs the care manager that the ramp originally cost \$4,500.00, but there is now only a remaining balance of \$2,000. The participant asks if the waiver program can pay the remaining \$2,000.00 so the participant no longer has this debt.

No. This is not allowable for three reasons. First, the item or home modification was obtained/completed prior to being on the waiver program and it is no longer identified as part of the participant's assessed needs. Second, it cannot be assured that the item and/or home modification obtained/completed has met the standards as outlined in the Medicaid Waivers Manual. Lastly, it is not appropriate to use waiver funds to pay off a participant's personal debt. This is the participant's debt and it is his/her responsibility to make the necessary payments. For it's part, BALTCR will recognize this monthly payment as a legitimate medical/remedial expense, if the loan was for a waiver allowable medical/remedial expense.

NOTE: Wisloans disbursed directly to providers have no impact on SSI, Medicaid or Medicaid Waiver eligibility. However, Wisloan money received directly by the waiver participant which is not disbursed to the provider during the month of receipt and is still in possession of the waiver participant on the first day of the following month, may impact eligibility for these programs.

For additional information on the impact of WisLoan on financial eligibility of waiver participants, contact either Social Security (for SSI, SSI-E, 1619 waiver participants) or the Katie Beckett program (if Medicaid certification is obtained via Katie Beckett). In all other cases, contact the ESS.